

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

3/2/11

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
 DRUG COURT FUND  
 Bossier and Webster Parishes  
 State of Louisiana  
 Annual Financial Report  
 Year Ended June 30, 2010

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TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
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Annual Financial Report  
Year Ended June 30, 2010

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Judges of the Twenty-Sixth  
Judicial District Court – Drug Court Fund  
Bossier and Webster Parishes, Louisiana

We have audited the accompanying financial statements of the governmental activities and major funds of the Twenty-Sixth Judicial District Court – Drug Court Fund, as of and for the year ended June 30, 2010, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Drug Court Fund's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Twenty-Sixth Judicial District Court – Drug Court Fund as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2010 on our consideration of the Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and on pages 25-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provided any assurance.

*Jameson, Wise & Martin*

Minden, Louisiana  
December 21, 2010

**TWENTY-SIXTH JUDICIAL DISTRICT COURT**  
BOSSIER AND WEBSTER PARISHES



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis (MD&A) of the Twenty-Sixth Judicial District Court – Drug Court Fund provides an overview of the Drug Court's financial activities for the fiscal year ended June 30, 2010, in an easily readable analysis. Please read it in conjunction with our financial statements, which begin on page 9:

The MD&A is an element of the required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June, 1999. Certain comparative information between the current year and prior year is required to be presented in the MD&A.

It was determined in the prior year that the Drug Court Fund was the responsibility of the Judges of the Twenty-Sixth Judicial District Court. The fund is administered by the presiding Judge, as well as the Drug Court Coordinator who is an employee of the Bossier Parish Police Jury.

**FINANCIAL HIGHLIGHTS**

- The net assets of the Drug Court Fund at the close of June 30, 2010 were \$87,401, of which \$40,583 is invested in capital assets. The remainder is considered unrestricted and may be used for the lawful purpose of the fund. Total net assets decreased 4% from last year.
- During the year ended June 30, 2010, the governmental funds of the Adult and Juvenile Drug Courts had total expenses of \$323,141 and \$259,772, respectively.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 & 10) provide information about the activities of the Drug Court as a whole and present a longer-term view of the Drug Court's finances. Fund financial statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Drug Court's operations in more detail than the government-wide statements by also providing information about all the Drug Court's governmental funds.

These financial statements consist of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

## Reporting the Twenty-Sixth Judicial District, Drug Court Fund as a Whole

### The Statement of Net Assets and the Statement of Activities

Our analysis of the Drug Court as a whole begins on page 9. One of the most important questions asked about the Drug Court's finances is, "Is the Drug Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Drug Court as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting* which is similar to the format used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Drug Court's *net assets* and changes in them. You can think of the Drug Court's net assets — the difference between assets and liabilities — as one way to measure the Drug Court's financial health or *financial position*. Over time, *increases* or *decreases* in the Drug Court's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the number of Drug Court participants, to assess the overall health of the Drug Court.

Currently, the Drug Court has governmental funds that provide for personnel, equipment, supplies, treatment, testing and other costs related to the proper administration of the Drug Court for both Adults and Juveniles. Primarily, grants from the Louisiana Supreme court finance the operations of each program.

## Reporting the Funds of the Twenty-Sixth Judicial District Court – Drug Court Fund

### Fund Financial Statements

Our analysis of the major funds maintained by the Drug Court begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the specific activities of the significant Drug Court Funds maintained by the Court - not the Court as a whole. The Adult Drug Court and the Juvenile Drug Court are considered to be major funds. The Court adopts an annual budget for both funds. These specific funds are established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

The Drug Court's *governmental funds* use the following accounting approaches:

**Governmental funds** — All of the Drug Court's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual* accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Drug Court's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Drug Court's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

## THE TWENTY-SIXTH JUDICIAL DISTRICT COURT - DRUG COURT FUND AS A WHOLE

The June 30, 2009 fiscal year was the first period that GASB Statement 34 was applied. Previously, the Drug Court Fund had been included as a special fund of the District Attorney of the Twenty-Sixth Judicial District. For the year ended June 30, 2009, the decision was made to separately report the Drug Court Fund as a separate fund under the overall responsibility of the Twenty-Sixth Judicial District Court.

Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Drug Court's governmental activities

**Table 1**  
**Net Assets**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 70,249	\$ 124,635
Capital assets	<u>40,583</u>	<u>43,067</u>
Total assets	<u>110,832</u>	<u>167,702</u>
Current liabilities	<u>23,431</u>	<u>76,671</u>
Total liabilities	<u>23,431</u>	<u>76,671</u>
Net assets:		
Invested in capital assets	40,583	43,067
Unrestricted	<u>46,818</u>	<u>47,963</u>
Total net assets	<u>\$ 87,401</u>	<u>\$ 91,030</u>

The Drug Court's total net assets changed from the prior year, decreasing by \$3,629 or 4%.

**Table 2**  
**Change in Net Assets**

	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues		
Charges for services	\$ 31,046	\$ 23,667
Operating grants	<u>550,722</u>	<u>541,616</u>
Total revenues	<u>581,768</u>	<u>565,283</u>
Expenses:		
Adult Drug Court	325,625	292,419
Juvenile Drug Court	<u>259,772</u>	<u>258,132</u>
Total expenses	<u>585,397</u>	<u>550,551</u>
Increase (decrease) in net assets	<u>\$ (3,629)</u>	<u>\$ 14,732</u>

When comparing 2010 to 2009, revenues were comparable, increasing slightly by 2.92%. The increase was partially due to more participants in the program than in the prior year, as well as additional funds received from the Supreme Court.



The Supreme Court of Louisiana Drug Court Program awarded operating grants for FY 2009-2010 to the Juvenile Drug Court and Adult Drug Court, in the amounts of \$253,125 and \$288,000, respectively. At the end of the fiscal year, the Drug Court requested and additional "one-time" increase in funding in the amount of \$9,597.

Total expenses increased by approximately 6%, with significant increases in the areas of depreciation expense and fees expended by the Adult Drug Court.

## THE DRUG COURT'S FUNDS

As the Drug Court completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a fund balance of \$46,818, which is a slight decrease of 2.4% from the prior fiscal year's fund balance of \$47,964. Overall revenues increased slightly by 2.92%, while overall expenses were comparative to last year with a slight decrease of approximately 1%.

### General Fund Budgetary Highlights

The Drug Court prepared a budget for both the Adult and Juvenile Drug Court Funds for the year ended June 30, 2010. The budgets were submitted for approval to the Louisiana Supreme Court. The budgets were then adjusted according to grant award, and a final budget was prepared for the end of the fiscal year. There was no other formal budget adopted by the Drug Court. The budgetary comparison is presented as required supplementary information and shown on pages 23-25.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2010, the Drug Court had invested \$40,583 in capital assets (see table 3 below).

**Table 3**  
**Capital Assets At Year End**  
**(Net of Depreciation)**

	<u>Governmental activities</u>	
	<u>2010</u>	<u>2009</u>
Office equipment	\$ 14,885	\$ 9,295
Drug testing equipment	<u>40,000</u>	<u>40,000</u>
Total capital assets	54,885	49,295
Less: accumulated depreciation	<u>(14,302)</u>	<u>(6,228)</u>
Net capital assets	\$ <u>40,583</u>	\$ <u>43,067</u>

Depreciation for the year was \$8,074. More detailed information about the capital assets is presented in Note E to the financial statements.

### DEBT

At June 30, 2010, the Drug Court had no outstanding bonded debt. More detailed information about the debt is presented in Note E to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Court operations are funded extensively by grants from the Louisiana Supreme Court. The Twenty-Sixth Judicial District Court, Drug Court Fund does not expect significant changes in next year's results as compared to the current year. The number of participants dictates the level of funding to be received. For the fiscal year 2010-2011, the Court received a budget award for the Juvenile and Adult Program of \$258,750 and \$292,500, respectively. The awards are set to cover 46 juvenile and 65 adult participants.

The Drug Court's management considered many factors when setting a fiscal year June 30, 2011 budget. The most important factor affecting the budget is the projected revenue from the Supreme Court grants. The 2011 adult Drug Court fiscal budget was set for total projected revenues of \$332,680 with projected expenditures of \$292,500; the juvenile Drug Court projected revenues of \$277,200 with projected expenditures of \$258,750 – for a projected increase in total net assets of \$58,630.

## **CONTACTING THE TWENTY-SIXTH JUDICIAL DISTRICT COURT DRUG COURT FUND'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the Drug Court's finances for those funds maintained by the Drug Court and to show the Drug Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Suzanne H. Stinson, Court Administrator at P.O. Box 310, Benton, Louisiana 71006.

## **BASIC FINANCIAL STATEMENTS**

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Statement of Net Assets  
June 30, 2010**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 6,249
Accounts receivable	64,000
Non-current assets:	
Capital assets (net)	<u>40,583</u>
<b>Total assets</b>	<b><u>\$ 110,832</u></b>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 23,431
<b>Total liabilities</b>	<b><u>\$ 23,431</u></b>
<b>NET ASSETS</b>	
Invested in capital assets	\$ 40,583
Unrestricted	46,818
<b>Total net assets</b>	<b><u>\$ 87,401</u></b>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
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**Statement of Activities  
For the Year Ended June 30, 2010**

	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenue Governmental Activities
<b>Governmental activities</b>				
General government:				
Adult Court Fund	\$ 325,625	\$ 30,921	\$ 293,094	\$ (1,610)
Juvenile Court Fund	259,772	125	257,628	(2,019)
Total governmental activities	<u>\$ 585,397</u>	<u>\$ 31,046</u>	<u>\$ 550,722</u>	<u>\$ (3,629)</u>
Change in net assets				(3,629)
Net assets-beginning				91,030
Net assets-ending				<u>\$ 87,401</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
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**Balance Sheet - Governmental Funds  
June 30, 2010**

	<u>Adult Court Fund</u>	<u>Juvenile Court Fund</u>	<u>Totals Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 744	\$ 5,505	\$ 6,249
Accounts receivable	<u>35,994</u>	<u>28,006</u>	<u>64,000</u>
 Total assets	 <u>\$ 36,738</u>	 <u>\$ 33,511</u>	 <u>\$ 70,249</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 13,625	\$ 9,806	\$ 23,431
Total liabilities	<u>13,625</u>	<u>9,806</u>	<u>23,431</u>
 <b>FUND BALANCES</b>			
Unreserved, reported in			
General Fund	<u>23,113</u>	<u>23,705</u>	<u>46,818</u>
Total fund balance	<u>23,113</u>	<u>23,705</u>	<u>46,818</u>
 Total liabilities and fund balances	 <u>\$ 36,738</u>	 <u>\$ 33,511</u>	 <u>\$ 70,249</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
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**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2010**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 46,818
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds (A)	<u>40,583</u>
Net Assets of Governmental Activities (Statement A)	<u>\$ 87,401</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
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**Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
Year Ended June 30, 2010**

	Adult Court Fund	Juvenile Court Fund	Total Governmental
<b>REVENUES</b>			
Charges for services	\$ 30,920	\$ 125	\$ 31,045
Operating grants	293,094	257,628	550,722
Total revenues	<u>324,014</u>	<u>257,753</u>	<u>581,767</u>
<b>EXPENDITURES</b>			
General government			
Personnel service & benefits	225,475	196,251	421,726
Travel, seminars, & conferences	15,898	5,913	21,811
Operating expense	52,996	53,917	106,913
Treatment expense	688	37	725
Testing and lab expense	18,946	2,821	21,767
Fees expended	2,177	-	2,177
Capital outlay	6,961	833	7,794
Total expenditures	<u>323,141</u>	<u>259,772</u>	<u>582,913</u>
Excess (deficiency) of revenues over expenditures	873	(2,019)	(1,146)
Fund balance - beginning of year	22,240	25,724	47,964
Fund balance - end of year	<u>\$ 23,113</u>	<u>\$ 23,705</u>	<u>\$ 46,818</u>

The accompanying notes are an integral part of this statement.



**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
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**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
June 30, 2010**

Net change in fund balances - total governmental funds (Statement E)	\$ (1,146)
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Amounts reported for government activities in the  
statement of activities are different because:

Governmental funds report capital outlays as expenditures.  
However, in the statement of activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense.  
This is the amount by which depreciation exceeded capital outlays  
in the current period.

(2,483)

Change in net assets of governmental activities (Statement B)	<u>\$ (3,629)</u>
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The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
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Notes to the Financial Statements  
June 30, 2010

## INTRODUCTION

The Twenty-Sixth Judicial District Court – Drug Court Fund was established under Louisiana Revised Statutes 13:5301 through 5304, which provides “for drug and alcohol treatment programs through drug divisions to be operated by the district courts”, as stated in enactment of Chapter 33 of Title 13. It is further state that the purpose of the Drug Court is “to reduce the incidence of alcohol and drug use, alcohol and drug addiction, and crimes committed as a result of alcohol and drug use and alcohol and drug addiction.”

The Drug Court Fund is administered by the judges, en banc, of the Twenty-Sixth Judicial District and by the Drug Court Coordinator who is an employee of the Bossier Parish Police Jury. The monies of the Twenty-Sixth Judicial District Court Drug Court Fund may be expended for those expenditures deemed necessary for the proper operation of each program.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The accompanying basic financial statements of the Twenty-Sixth Judicial District, Drug Court Fund (DCF) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, issued in June 1999.

### Reporting Entity

As the governing authority of the consolidated government, the Parishes of Bossier and Webster are the financial reporting entities for the consolidated government. In compliance with the provisions of GASB No. 14, *The Financial Reporting Entity*, the financial reporting entities consists of the primary governments, and includes all component units of which the Parish appoints a voting majority of the units’ board; the Parish is either able to impose its will on the unit or a financial benefit of burden relationship exists.

The Drug Court Fund (DCF) is under the oversight of the district court system that is fiscally dependent on the two Parishes. The Parishes provide directly to the court office space, court rooms, personnel services, and other supplies and services. The nature of the relationship between the DCF and the district court and the Parishes is significant. Therefore, the DCF was determined to be a component unit of both Bossier and Webster Parish, the financial reporting entities. The accompanying financial statements present information only on the DCF

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maintained by the Twenty-Sixth Judicial District Court and do not present any other information on the District Court or the Parishes, the general government services provided by those government units, or on the other governmental units that comprise the financial reporting entities.

**Basic Financial Statements**

The Drug Court's basic financial statements include both government-wide (reporting the funds maintained by the Drug Court as a whole) and fund financial statements (reporting the major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Drug Court's activities are categorized as governmental activities. The Drug Court does not have any business-type activities.

*Government-wide Financial Statements –*

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Drug Court's net assets are reported in two parts - invested in capital assets, net of related debt; and unrestricted net assets.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements –*

The financial transactions of the Drug Court Fund are recorded in individual funds in the fund financial statements. Each function is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various functions are reported by generic classification within the financial statements.

Only the governmental fund type is used by the Drug Court Fund. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financials resources) rather than upon net income.

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**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

The Drug Court funds reports the following governmental funds:

- *Adult Drug Court Fund* – This fund accounts for all operations and activities of the Adult Drug Court.
- *Juvenile Drug Court Fund* – This fund accounts for all the operations and activities of the Juvenile Drug Court Fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

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When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**Financial Statement Amounts**

*Cash and cash equivalents* – Cash includes all demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts that equal fair market value.

*Receivables* – In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. No allowance for uncollectible accounts receivable is established, all receivables are determined to 100% collectible. Major receivable balances for governmental activities include amounts due from Louisiana Supreme Court grants for reimbursement of eligible drug court expenses.

Receivables are included in the fund financial statements if they are both measurable and available.

*Capital Assets* – In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. If the asset was donated, it is recorded at its estimated fair market value at the date of donation. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on straight-line basis over the following estimated useful lives:

Vehicles	3-5 years
Equipment	5-7 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Drug Court or donated to the Drug Court and do not reflect assets of the court obtained from other sources.

*Revenues* – Substantially all government fund revenues are accrued. Those revenues primarily include grants from the Louisiana Supreme Court. Other revenues are fees collected from the participants for probation and drug screening along with revenues generated from drug testing services provided to the Caddo Parish Drug Court. These revenues are recorded in the fiscal year they are collected by the Drug Court.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2010

*Expenditures* – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Major expenditures for the Drug Court are testing and treatment expenses, office expenses (which includes any necessary expenses for the operation of the Drug Court), and salaries.

**Budgets and Budgetary Accounting**

The Twenty-Sixth Judicial District – Drug Court Fund annually prepares a budget prior to the end of the current fiscal year and submits it to the Louisiana Supreme Court for approval. The budget is prepared using the generally accepted accounting principles. From time to time the budget is amended. This can only be done with the approval of the Louisiana Supreme Court.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**B. CASH, CASH EQUIVALENTS AND INVESTMENTS**

At June 30, 2010, the Twenty-Sixth Judicial District Court – Drug Court Fund had cash and cash equivalents as shown below:

	<u>Book</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>
Non-interest bearing deposits	\$ <u>6,249</u>	\$ <u>43,190</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2010, the Twenty-Sixth Judicial District Court – Drug Court Fund had \$43,190 in bank balances. These deposits are secured from risk by \$43,190 of federal deposit insurance.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
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Notes to the Financial Statements  
June 30, 2010

**C. ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2010 are primarily composed of amounts due from the Louisiana Supreme Court for reimbursement of program expenses. There is generally no allowance for doubtful accounts since all receivables are deemed collectible.

The receivables of \$64,000 at June 30, 2010 are as follows:

Grants – La Supreme Court	\$ 62,391
Other – fees	<u>1,609</u>
Total	<u>\$ 64,000</u>

**D. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010 is as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Office equipment	\$ 9,295	\$ 5,590	\$ -	\$ 14,885
Drug testing equipment	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Totals	<u>49,295</u>	<u>5,590</u>	<u>-</u>	<u>54,885</u>
Accumulated depreciation				
Office equipment	5,752	2,360	-	8,112
Drug testing equipment	<u>476</u>	<u>5,714</u>	<u>-</u>	<u>6,190</u>
Totals	<u>6,228</u>	<u>8,074</u>	<u>-</u>	<u>14,302</u>
Capital assets, net	<u>\$ 43,067</u>	<u>\$ (2,484)</u>	<u>\$ -</u>	<u>\$ 40,583</u>

Depreciation expense of \$8,074 was charged to general government as of June 30, 2010.

**E. LONG-TERM DEBT**

As of June 30, 2010, the Drug Court had no governmental long-term debt.

All of the employees of the Drug Court are considered employees of the Bossier Parish Police Juries. According to the office policy, there are no accumulated and vested benefits relating to annual and sick leave that requires disclosure or accrual to conform to generally accepted accounting principles.

**F. SALARY EXPENDITURES**

The Parishes administer the payroll for all Drug Court employees excluding the judges. The Drug Court reimburses the Bossier Parish Police Jury for the salaries and related fringe benefits of all court

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
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Notes to the Financial Statements  
June 30, 2010

employees, including the Drug Court Coordinator and counselors on staff. The amounts included in the accompanying financial statements are the actual salary expenditures of the Drug Court.

**G. PENSION PLAN**

All of the Drug Court's employees are considered employees of the Bossier Parish Police Jury and, accordingly, are enrolled by the respective Police Juries as members of Plan A of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The Police Jury and the Drug Court Fund do not guarantee any of the benefits granted by the System.

**H. LEASES**

The Drug Court Fund leases office space under operating leases. Rental costs for the year ended June 30, 2010 was \$4,650. There are no commitments under lease agreements having terms in excess of a year.

**I. LITIGATION**

There is no litigation pending directly against the Drug Court Fund at June 30, 2010.

**J. ARRANGEMENTS WITH PARISH GOVERNMENTS**

The drug court office spaces, including utilities and certain office equipment and furniture, are furnished by the Bossier Parish Policy Jury free of charge.

**K. DEFICIT FUND BALANCE**

There were no deficit fund balances for the year ended June 30, 2010.



**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Budgetary Comparison Schedule  
Adult Drug Court Fund  
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Favorable (Unfavorable)
<b>REVENUES (inflows)</b>				
Charges for services	\$ 37,310	\$ 37,310	\$ 30,920	\$ (6,390)
Operating grants	288,000	288,000	293,094	5,094
Total revenues	<u>325,310</u>	<u>325,310</u>	<u>324,014</u>	<u>(1,296)</u>
<b>EXPENDITURES (outflows)</b>				
General government	288,000	293,094	316,180	(23,086)
Capital outlay	-	-	6,961	(6,961)
Total expenditures	<u>288,000</u>	<u>293,094</u>	<u>323,141</u>	<u>(30,047)</u>
Excess (deficiency) of revenues over (under) expenditures	37,310	32,216	873	(31,343)
Fund balance at beginning of year	<u>22,240</u>	<u>22,240</u>	<u>22,240</u>	-
Fund balance at end of year	<u>\$ 59,550</u>	<u>\$ 54,456</u>	<u>\$ 23,113</u>	<u>\$ (31,343)</u>

See accompanying note to budgetary comparison schedule.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Budgetary Comparison Schedule  
Juvenile Drug Court Fund  
For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget Favorable (Unfavorable)
<b>REVENUES (inflows)</b>				
Charges for services	\$ 18,450	\$ 18,450	\$ 125	\$ (18,325)
Operating grants	253,125	257,628	257,628	-
Total revenues	<u>271,575</u>	<u>276,078</u>	<u>257,753</u>	<u>(18,325)</u>
<b>EXPENDITURES (outflows)</b>				
Operating	253,125	257,628	258,939	(1,311)
Capital outlay	-	-	833	(833)
Total expenditures	<u>253,125</u>	<u>257,628</u>	<u>259,772</u>	<u>(2,144)</u>
Excess (deficiency) of revenues over (under) expenditures	18,450	18,450	(2,019)	(20,469)
Fund balance at beginning of year	<u>25,724</u>	<u>25,724</u>	<u>25,724</u>	-
Fund balance at end of year	<u>\$ 44,174</u>	<u>\$ 44,174</u>	<u>\$ 23,705</u>	<u>\$ (20,469)</u>

See accompanying note to budgetary comparison schedule.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to Required Supplementary Information  
on Budgetary Accounting and Control  
June 30, 2010

**BUDGETARY ACCOUNTING AND CONTROL**

The Twenty-Sixth Judicial District Court – Drug Court Fund annually prepares a budget prior to the end of the current fiscal year and submits it to the Louisiana Supreme Court for approval. The budget is prepared using the general accepted accounting principles. From time to time the budget is amended. This can only be done with the approval of the Louisiana Supreme Court.

It was determined that the Twenty-Sixth Judicial District Court – Drug Court Fund was not subject to the requirements of the Local Government Budget Act, found in Louisiana Revised Statutes 39:1301-1315. -

## **OTHER REPORT**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Judges of the Twenty-Sixth  
Judicial District Court – Drug Court Fund  
Minden, Louisiana

We have audited the financial statements of the governmental activities and major funds of the Twenty-Sixth Judicial District Court – Drug Court Fund, as of and for the year ended June 30, 2010, which collectively comprise the Twenty-Sixth Judicial District Court – Drug Court Fund's basic financial statements and have issued our report thereon dated December 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Twenty-Sixth Judicial District Court – Drug Court Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Twenty-Sixth Judicial District Court – Drug Court Fund, in a separate letter dated December 21, 2010.

The Twenty-Sixth Judicial District Court – Drug Court Fund's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Twenty-Sixth Judicial District Court – Drug Court Fund's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Twenty-Sixth Judicial District Court – Drug Court and management of the drug court's office, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Jameson, Wise & Martin*

Minden, Louisiana  
December 21, 2010

## **OTHER SUPPLEMENTAL SCHEDULES**



**TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND**  
Bossier and Webster Parishes  
State of Louisiana

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
June 30, 2010

**Section I - Internal Control and Compliance Material to the Financial Statements**

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2009, of the Twenty-Sixth Judicial District Court, Drug Court Fund, disclosed no items that are required to be reported in accordance with GAGAS.

**Section II - Internal Control and Compliance Material to Federal Awards**

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2009, of the Twenty-Sixth Judicial District Court, Drug Court Fund, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

**Management Letter**

**2009-1 Records maintained over property, plant & equipment**

**Finding:** Inventory records should be maintained internally to properly reflect additions and deletions on a timely basis.

**Status:** Corrected. Inventory listing was updated and properly maintained.

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND  
Bossier and Webster Parishes  
State of Louisiana

**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS**  
June 30, 2010

**Section I - Internal Control and Compliance Material to the Financial Statements**

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2010, of the Twenty-Sixth Judicial District Court, Drug Court Fund, disclosed no items that are required to be reported in accordance with GAGAS.

**Section II – Internal Control and Compliance Material to Federal Awards**

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2010, of the Twenty-Sixth Judicial District Court, Drug Court Fund, disclosed no items that are required to be reported in accordance with OMB Circular A-133.

**Management Letter**

**2010-1 Inadequate Internal Control Over Cash Receipts**

*Criteria:* Good internal controls over cash receipts should ensure all receipts are deposited in a timely manner (within 3 business days).

*Condition:* We noted that the Drug Court billed for drug testing services performed for the months of April, May, and June 2010. We also observed that payments were received within 30 days of the date of the invoice. However, the amounts were not deposited timely. The payment of \$492.50 for April services was deposited in July 2010 approximately 51 days after receipt of the payment. Likewise, the payments totaling \$1,937.00, for April, May and June services was not deposited until September 2010, approximately 60-75 days after receipt of the payments.

*Effect:* The drug court did not deposit receipts from program revenues in a timely manner.

*Recommendation:* We recommend all monies received by the drug court be deposited in a timely manner.

*Management Response:* We will comply with the recommendation.

Contact: Suzanne Stinson, Court Administrator, Twenty-Sixth Judicial District Court

TWENTY-SIXTH JUDICIAL DISTRICT COURT EXPENSE FUND  
Bossier and Webster Parishes  
State of Louisiana

**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS**  
June 30, 2010

**2010-2 Lack of Complete Program Income Reporting**

*Criteria:* Circular A-102 states that "Federal agencies shall instruct grantees to deduct program income from total program costs as specified in the grants management common rule..." Title 45 Subtitle A Part 92 defines program income as "income from fees or services performed, income from the use or rental of real or personal property acquired with grant funds, income from the sale of commodities or items fabricated under a grant agreement, and income from payments of principal and interest loans on made with grant funds."

*Condition:* The Drug Court provided drug testing services for the Caddo Parish Drug Court beginning in April, 2010. The additional program income from providing these drug testing services were not timely deposited. In addition, this program income was not deducted from total program costs per fiscal expense reports submit to the Supreme Court.

*Effect:* The Drug Court did not deduct program income from total program cost as specified in Circular A-102.

*Recommendation:* We recommend that all program income be properly reported as required by Circular A-102.

*Management Response:* We will comply with the recommendation.

*Contact:* Suzanne Stinson, Court Administrator, Twenty-Sixth Judicial District Court

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## MANAGEMENT LETTER

To the Honorable Judges of the Twenty-Sixth  
Judicial District Court – Drug Court Fund

We have audited the financial statements of the Twenty-Sixth Judicial District Court – Drug Court Fund, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 21, 2010.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the Drug Court. As a supplement to the reports, we submit for your consideration, the following observations, which did not meet the criteria of being material to the basic financial statements.

### *Compliance items considered non-material to basic financial statements:*

#### **2010-1 Inadequate Internal Control Over Cash Receipts**

Good internal controls over cash receipts should ensure all receipts are deposited in a timely manner (within 3 business days). Receipts from drug testing service revenue were not deposited timely.

We recommend that all monies received by the drug court be deposited in a timely manner.

#### **2010-2 Lack of Complete Program Income Reporting**

Circular A-102 states that "Federal agencies shall instruct grantees to deduct program income from total program costs as specified in the grants management common rule..." Title 45 Subtitle A Part 92 defines program income as "income from fees or services performed, income from the use or rental of real or personal property acquired with grant funds, income from the sale of commodities or items fabricated under a grant agreement, and income from payments of principal and interest loans on made with grant funds."

Program income generated from drug testing services performed was not deducted from total program costs.

We recommend that all program income be properly reported as required by Circular A-102.

The prior year finding was addressed by the Drug Court's management.

Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

Very truly yours,

*Jamieson, Wise & Martin*

Jamieson, Wise & Martin

December 21, 2010